

By: Hughes

H.B. No. 1609

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the limit on the rate of growth in appropriations and to  
3 the authority of the comptroller to reduce the state sales tax rate  
4 for designated periods.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 316.001, Government Code, is amended to  
7 read as follows:

8 Sec. 316.001. LIMIT. The rate of growth of appropriations  
9 in a biennium from all available sources of revenue except the  
10 federal government [~~state tax revenues not dedicated by the~~  
11 ~~constitution~~] may not exceed the average biennial rate of growth of  
12 this state's population during the three previous state fiscal  
13 bienniums adjusted by the average biennial rate of monetary  
14 inflation over the same period, as determined under Section 316.002  
15 [~~estimated rate of growth of the state's economy~~].

16 SECTION 2. Sections 316.002(a), (b), (c), and (e),  
17 Government Code, are amended to read as follows:

18 (a) Before the Legislative Budget Board submits the budget  
19 as prescribed by Section 322.008(c), the board shall establish[+]

20 [~~(1)~~] the limit on the rate of growth in  
21 appropriations for that state fiscal biennium, as compared to the  
22 previous state fiscal biennium, by subtracting one from the product  
23 of:

24 (1) the sum of one and the estimated average biennial

1 rate of growth of this state's population during the three previous  
2 fiscal bienniums; and

3 (2) the sum of one and the estimated average biennial  
4 rate of monetary inflation during the three previous fiscal  
5 bienniums [~~the state's economy from the current biennium to the~~  
6 ~~next biennium;~~

7 [~~(2) the level of appropriations for the current~~  
8 ~~biennium from state tax revenues not dedicated by the constitution;~~  
9 ~~and~~

10 [~~(3) the amount of state tax revenues not dedicated by~~  
11 ~~the constitution that could be appropriated for the next biennium~~  
12 ~~within the limit established by the estimated rate of growth of the~~  
13 ~~state's economy].~~

14 (b) Except as provided by Subsection (c), the board shall  
15 determine for the next state fiscal biennium the maximum  
16 permissible amount of appropriations from all available sources of  
17 revenue except the federal government by multiplying the amount of  
18 appropriations from those sources of revenue for the then current  
19 biennium by the sum of one and the limit on the rate of growth of  
20 appropriations determined by the board under Subsection (a) [~~the~~  
21 ~~estimated rate of growth of the state's economy by dividing the~~  
22 ~~estimated Texas total personal income for the next biennium by the~~  
23 ~~estimated Texas total personal income for the current biennium.~~  
24 ~~Using standard statistical methods, the board shall make the~~  
25 ~~estimate by projecting through the biennium the estimated Texas~~  
26 ~~total personal income reported by the United States Department of~~  
27 ~~Commerce or its successor in function].~~

1 (c) If a more effective method of computing the average  
2 biennial [~~comprehensive definition of the~~] rate of growth of the  
3 state's population adjusted for monetary inflation [~~economy~~] is  
4 developed and is approved by the committee established by Section  
5 316.005, the board may use that alternative method in computing  
6 [~~definition in calculating~~] the limit on appropriations.

7 (e) In the absence of an action by the Legislative Budget  
8 Board to adopt a spending limit as provided in Subsections (a) and  
9 (b), the limit on the [~~estimated~~] rate of growth of appropriations  
10 for the [~~in the state's economy from the current biennium to the~~]  
11 next state fiscal biennium is [~~shall be treated as if it were~~] zero,  
12 and the amount of revenue from all available sources except the  
13 federal government appropriated for the next state fiscal biennium  
14 may not exceed [~~state tax revenues not dedicated by the~~  
15 ~~constitution that could be appropriated within the limit~~  
16 ~~established by the estimated rate of growth in the state's economy~~  
17 ~~shall be the same as~~] the amount [~~level~~] of appropriations from  
18 those sources for the then current biennium.

19 SECTION 3. Section 151.051, Tax Code, is amended to read as  
20 follows:

21 Sec. 151.051. SALES TAX IMPOSED. (a) A tax is imposed on  
22 each sale of a taxable item in this state at a rate determined by the  
23 comptroller as provided by this section.

24 (b) Except as provided by this section, the [~~The~~] sales tax  
25 rate is 6-1/4 percent of the sales price of the taxable item sold.

26 (c) Each odd-numbered year, the comptroller shall determine  
27 whether the amount of undedicated unencumbered anticipated revenue

1 is sufficient to permit, without resulting in a shortfall of  
2 revenue, a reduction of the sales tax rate by at least one-tenth of  
3 one percent for a period of two calendar years.

4 (d) If the comptroller determines under Subsection (c) that  
5 the rate may be reduced, then not later than November 1 of that year  
6 the comptroller shall declare a reduced sales tax rate for the next  
7 two calendar years that is at least one-tenth of one percent lower  
8 than the rate otherwise provided by Subsection (b). The  
9 comptroller shall publish the declaration in the Texas Register,  
10 shall mail notice of the declaration to each permit holder, and may  
11 provide notice by other means the comptroller determines prudent.  
12 The reduced rate applies beginning January 1 of the following year  
13 through December 31 of the second following year, except as  
14 provided by Subsection (e).

15 (e) Not later than November 1 of the first year of the period  
16 in which the reduced sales tax rate applies, the comptroller shall  
17 determine from then current available information whether the  
18 amount of undedicated unencumbered anticipated revenue is  
19 sufficient to maintain the reduced sales tax rate for the second  
20 year of the period without resulting in a shortfall of revenue. If  
21 the comptroller determines that a revenue shortfall is likely to  
22 occur, the comptroller shall declare the reduced rate rescinded for  
23 the following year. The comptroller shall publish the declaration  
24 in the Texas Register, shall mail notice of the declaration to each  
25 permit holder, and may provide notice by other means the  
26 comptroller determines prudent. For the period from January 1 to  
27 December 31 of the year following a declaration under this

1 subsection, the sales tax rate is the rate otherwise provided by  
2 Subsection (b).

3 (f) The comptroller shall adopt rules to implement this  
4 section.

5 SECTION 4. This Act takes effect on the date on which the  
6 constitutional amendment proposed by the 83rd Legislature, Regular  
7 Session, 2013, to limit the rate of growth of appropriations from  
8 all sources of revenue except the federal government and to  
9 authorize the legislature to appropriate money for tax rebates  
10 takes effect. If that amendment is not approved by the voters, this  
11 Act has no effect.